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SUBJECT: "SWEDISH" CARS SOON CHINESE?

¶1. (U) Summary. Chinese car manufacturer Geely Automobile announced on September 8 that it is still interested in purchasing Volvo, now all of it. The news hit Sweden as Koenigsegg's Saab deal receives Chinese funding, creating fear among Swedish employees and workers unions that Swedish car manufacturer jobs will be lost. End Summary.

¶2. (U) During a press conference in Hong Kong on September 8, the Geely Automobile CEO Gui Shengyue announced that the corporation would prefer a full ownership of Ford's subsidiary Volvo Cars, something that has been met with great unease and concern by Swedish workers unions and employees. Geely Automobile (China's largest privately owned auto maker) has been a previous contender for an acquisition of Volvo and now appears to be resurfacing.

¶3. (U) The growing concern not only includes employees but also Saab suppliers, as they are not keen on delivering technology to Chinese manufacturers given Chinese legislation on IPR and trademark issues. Even Ford itself has been rumored to be hesitant to release its technology to a Chinese company.

¶4. (U) Geely's announcement comes as Chinese manufacturer Beijing Automotive Industry Corporation (BAIC) invests in Saab Automobile. Although the Chinese company provides the salvation that Koenigsegg so desperately needs to finance its Saab acquisition, not all Swedes are impressed with Chinese investors. "If you ask what the employees at Volvo think I believe that the majority believes Swedish investors to be a better choice," Richard Nodesjo employee at Volvo told conservative morning daily Svenska Dagbladet.

¶5. (U) Not all are worried, however; Sweden's leading business daily Dagens Industri reports that Hans-Olov Olsson, former CEO of Volvo Cars who is rumored to be involved in the deal, is expected to receive a position on the board of directors if the deal comes through. Moreover, auto industry experts at Svenska Dagbladet believe that a Chinese owner of both Volvo and Saab would be less likely to move production away from Sweden than a European counterpart. Anette Hellgren, the local leader for the Unionen labor union chapter at Saab Automobile, is not worried. "What's important is that BAIC is a minority owner in Koenigsegg Group. It's still Koenigsegg Group that is buying Saab. There won't be any direct Chinese ownership, which feels safe. There is a lot of apprehension when it comes to Chinese companies, but I have faith in this case," she told Swedish media.

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